

Message Text

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ACTION TRSE-00

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FM AMEMBASSY RABAT

TO SECSTATE WASHDC 7693

INFO AMEMBASSY PARIS

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PARIS FOR RFC

E.O. 11652: N/A

TAGS: AFIN MO

SUBJECT: US-OWNED DIRHAM DEPOSITS

REF: STATE 35841; 75 RABAT 1640; 75 RABAT 1345

1. SITUATION RE OWNERSHIP SHARES AND CONTROL US BANKS IN MOROCCO REMAINS UNCHANGED SINCE SUBMISSION 75 RABAT 1640. FIFTY PER CENT FNCB SHARES WERE AS ANTICIPATED TRANSFERRED TO MOROCCAN NATIONAL WHO NWSO NAMED PRESIDENT-DIRECTOR GENERAL OF FNCB MAROC. CONTROL OF FNCB MAROC THUS EFFECTIVELY IN HANDS MOROCCAN NATIONAL, THOUGH FNCB SHARE OF STOCK DISTINCTLY HIGHER THAN MINORITY POSITIONS OF BANK OF AMERICA AND CONTINENTAL ILLINOIS IN BMCE AND CSDB RESPECTIVELY. FNCB UNLIKE OTHER BANKS WAS FORTUNATE IN HAVING AS SENIOR OFFICER IHIBEIGU OFFICE MOROCCAN NATIONAL IN WHOM IT PLACED GREAT CONFIDENCE AND WHO WAS ABLE TO ASSUME POSITION OF CONTROLLING PARTNER. DE FACTO, FNCB THUS CONTINUES TO EXERCISE EFFECTIVE CONTROL OVER MOROCCAN OPERATION. DE JURE, ITS POSITION PARALLELS THAT OF OTHER TWO US BANKS.

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2. TREASURY SHOULD BE AWARE THAT VALUE OF BANK OF AMERICA

AND FNCB INVESTMENTS IN MOROCCO VIRTUALLY IDENTICAL IN
DOLLAR TERMS, THOUGH PERCENTAGE HOLDINGS IN RESPECTIVE
INSTITUTIONS OBVIOUSLY

DIFFERS. QUESTION OF US DEPOSITS HAS
BEEN MATTER OF INTENSE COMPETITION BETWEEN US BANKS HERE.
PREVIOUS DECISION IMPORTANTLY AFFECTED TYPE OF MOROCCANIZATION
DECISIONS TAKEN AND VALUE OF US BANK SHARES AT TIME OF TRANSFER
ALL THREE BANKS ACTIVELY MAINTAINING PRESENCE IN ORDER TO
PARTICIPATE IN PROBABLY HALF-BILLION DOLLAR MOROCCAN EURO
PLACEMENT WITHIN NEXT FEW MONTHS.

3. EMBASSY CONTINUES TO SEE DEGRADATION POSITION OF THREE BANKS
AS IDENTICAL AND RECOMMENDS THAT ESTABLISHED 1 - 1 - 2
DEPOSIT SHARING FORMULA BE MAINTAINED IN INTEREST OF EVEN-
BALANCEDNESS. IF TREASURY IS CONSIDERING RULING THAT 50 PER
CENT HOLDING WITH FOREIGN CONTROL OF BOARD, ALBEIT BY
EMPLOYEE OF US PARENT COMPANY, CONSTITUTES "MAJORITY OWNED
US BANK" WITHIN MEANING OF 31 USC 473, IT SHOULD BE
PREPARED FOR STRONG INTERVENTION AND COUNTER ARGUMENTS FROM
BANK OF AMERICA AND CONTINENTAL ILLINOIS.
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